

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF NEW HAMPSHIRE

In re:

Bk. Nos. 18-10091-BAH  
18-10092-BAH

Ragged Mountain Equipment, Inc., and  
Hurricane Mountain Equipment, LLC

Chapter 11  
Jointly Administered

Debtors.

**Hearing Date: 02/12/18**  
**Hearing Time: 10:00 a.m.**  
**Objection Deadline: 02/05/18**

\* Check the box that applies to this Order [pleading]:

\_\_\_\_\_ This pleading concerns both jointly administered cases listed above.

XXX This pleading concerns *In Re Ragged Mountain Equipment, Inc.*,  
Case No. 18-10091-BAH

\_\_\_\_\_ This pleading concerns *In Hurricane Mountain Equipment, LLC*,  
Case No. 18-10092-BAH

**FINAL ORDER (I) AUTHORIZING DEBTOR IN POSSESSION'S**  
**EMERGENCY USE OF CASH COLLATERAL AND**  
**(II) GRANTING REPLACEMENT LIENS**

This matter came before the Court on a final hearing on the emergency motion (the “Motion”) of Ragged Mountain Equipment, Inc., the debtor and debtor-in-possession in this bankruptcy proceeding (the “Debtor”) for an order, *inter alia*, (I) authorizing the use of cash collateral on an emergency basis in an amount necessary to avoid immediate and irreparable harm to the estate pending a final hearing on this Motion; (II) granting replacement liens to Eastern Bank and other lenders up to the value of the collateral (“the Lenders”).

This Court, having reviewed the Motion and all matters brought to the Court’s attention in the emergency pleadings, pursuant to the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) Rules 4001(b) (2) (the “Emergency Motion”), and after due deliberation and consideration, ORDERS as follows:

A. The Debtor has made the requisite showing of an emergency need to use cash

collateral to avoid immediate irreparable harm to its business and property, a retail and manufacturing operation for outdoor products and clothing (the “Business”) in Intervale, New Hampshire. The Court is convinced, based upon the representations of the Debtor, there is an immediate need for the Debtor to use cash collateral on a final basis to avoid irreparable harm to the Debtor, creditors, and the Business.

B. Good cause has been shown for the entry of this Order authorizing the Debtor to use cash collateral and to afford the Lenders adequate protection provided herein. The Debtor’s need for the use of cash collateral provided by this Order has been demonstrated by the pleadings and the affidavit filed by the Debtor. Entry of this Order will minimize disruption of the Debtor’s business and operations as a going concern, will preserve the assets of Debtor’s estate for the benefit of its creditors, and is in the best interests of the Debtor, its creditors, its Business and its estate.

C. Representations of Debtor’s Counsel are contained in the Motion and the accompanying Affidavit of Robert Nadler, and can be summarized as follows: Debtor operates a retail store and light manufacturing business manufacturing and selling clothing in Intervale, NH. If Debtor does not operate it will have to liquidate which will result in a minimal, if no recovery for creditors. Debtor has an investor and can operate as a going concern. Debtor has multiple secured creditors, but it appears from debtor’s representations that some of the parties may be under-secured pursuant to 11 U.S.C. §506(a). No determination is made under §506(a) pursuant to this motion.

D. This Court has jurisdiction to enter this Order pursuant to 28 U.S.C. §157(b) and §1334. Consideration of the Motion constitutes a core proceeding as defined in 28 U.S.C.

§157(b)(2). The Debtor has consented to the entry of a final Order on this Motion by the Bankruptcy Court.

**NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED AND DECREED, THAT:**

1. **Disposition.** The Motion is hereby granted on a final basis to the extent and subject to the terms set forth herein with the foregoing findings incorporated herein by reference. The Debtor is authorized by this Court to use cash collateral pursuant to and in accordance with the Budget annexed to this Order as Exhibit A and otherwise in accordance with this Order. This Order shall be valid, binding on all parties-in-interest, and fully effective immediately upon entry.

2. **Good Cause.** Debtor owns and operates a retail store and manufacturing business and without the use of its cash would be forced to shut down, displacing customers, terminating its operation and causing the loss of going concern value. The ability of the Debtor to obtain sufficient working capital and liquidity as provided pursuant to this Order so that the Debtor can continue to operate the Debtor's business in the ordinary course is vital to the Debtor, its creditors and other constituencies. The preservation of the business value is critical, and the Debtor's estate will be immediately and irreparably harmed if this Order is not promptly entered. Good cause has, therefore, been shown for the emergency relief sought in the Motion and the affidavit.

3. **Authorization of Use of Cash Collateral.** Upon entry of this Order, the Debtor is immediately authorized to use cash collateral and to make the payments in accordance with the Budget, attached hereto as Exhibit A (the "Payments"). The use of cash collateral is authorized under this Order through February 28, 2018.

4. **Adequate Protection Liens.** As adequate protection pursuant to sections 361

and 363 of the Bankruptcy Code for the Debtor's use, consumption, sale, collection, or other disposition of any of the Pre-Petition Collateral:

The Lenders are hereby granted replacement lien(s) in and to all post-petition property of the estate of the same type against which each Lender held validly perfected and not avoidable liens and security interests as of the Petition Date, subject to a §506(a) determination at a later date. The replacement liens shall maintain the same priority, validity and enforceability as such liens on the cash collateral. All of the security interests and liens referred to above and those granted and conveyed pursuant to this Order are referred to in this Order as the "Adequate Protection Liens."

5. **Automatic Perfection of Liens.** The Adequate Protection Liens shall be deemed valid, binding, enforceable, and perfected upon entry of this Order. The Lenders may, in their discretion, file a certified copy of this order in the filing office in the jurisdiction in which the Debtor is organized or has or maintains any Collateral or an office.

6. **Monitoring of Collateral.** Without limiting the rights of access and information afforded the Lenders or imposing any obligation whatsoever upon the Lenders to monitor the Debtor's use of cash collateral or the Debtor's activities, the Debtor shall:

(a) cooperate fully and in good faith with the Lenders and its respective agents and counsel and promptly and timely respond to all reasonable requests made by such persons or entities for information relating in any way to the Debtor, regarding its financial condition. without the requirement of the Lenders seeking relief from the Court; (ii) provide the Lenders (and, if requested, the United States Trustee) monthly financial reports on such reasonable and customary matters to be agreed upon by the parties; and (iii) respond to reasonable written requests for

information by the Lenders and/or their attorneys within five business days of any such requests

7. **Modification of Automatic Stay.** The automatic stay provisions of section 362 of the Bankruptcy Code, to the extent applicable, are hereby lifted, vacated, modified, and/or terminated as to the Lenders to the extent necessary to implement the provisions of this Order.

8. **Priority of Terms.** To the extent of any conflict between or among the express terms or provisions of the Motion, any order of this Court, or any other agreements, the terms and provisions of this Order shall govern and control.

9. **No Waiver by any Party.** This Order shall not be construed in any way as a waiver or relinquishment of any rights that any party may have to bring or be heard on any matter brought before this Court.

10. **Entry of Order.** This Order shall take effect immediately.

11. **No Effect on Rights of Parties.** This Order is a final order and shall not constitute a waiver, admission or concession by any party on any matter including the ability to contest the amount, validity, or priority of any claim.

12. **Winding Down Provision.** This order is subject to the Winding Down proviso contained in LBR 4001-2(e), under which the Court reserves the right to enter such further orders as may be necessary regarding the use of cash collateral to provide for payment of any administrative claims for wage and trade creditors who have supplied goods or services to the Debtor during the period of operation under this Order (and any stipulation) which remain unpaid at the time of termination of authorized cash collateral usage, and which goods or services have created additional collateral for the secured claimant(s).

February 13, 2018  
Dated

/s/ Bruce A. Harwood  
Bruce A. Harwood, Chief Judge  
United States Bankruptcy Court for  
the District of New Hampshire

FEBRUARY THRU APRIL 2018	2/1-2/10	2/11-2/17	2/18-2/24	2/25-2/28	FEB 2018	March	April	
Begining Cash Balance	\$39,000.00	\$30,352.00	\$25,885.00	\$64,264.00	\$39,000.00	\$59,879.00	\$119,898.00	Begining Cash Balance
MAUFACTURING SALES	\$8,862.00		\$17,492.00		\$26,354.00	\$65,343.00	\$2,000.00	MAUFACTURING SALES
RETAIL SALES	\$24,738.00	\$19,544.00	\$35,349.00	\$20,500.00	\$100,131.00	\$69,474.00	\$29,865.00	RETAIL SALES
TOTAL SALES	\$33,600.00	\$19,544.00	\$52,841.00	\$20,500.00	\$126,485.00	\$134,817.00	\$31,865.00	TOTAL SALES
TOTAL CASH AVAILABLE	\$72,600.00	\$49,896.00	\$78,726.00	\$84,764.00	\$165,485.00	\$194,696.00	\$151,763.00	TOTAL CASH AVAILABLE
CASH DISBURSEMENTS								CASH DISBURSEMENTS
OPERATING:								OPERATING:
CREDIT CARD FEES	\$2,090.00				\$2,090.00	\$1,200.00	\$800.00	CREDIT CARD FEES
COMPUTER SERVICES	\$75.00				\$75.00	\$75.00	\$75.00	COMPUTER SERVICES
COMPUTER/INTERNET								COMPUTER/INTERNET
BANK FEES		\$150.00			\$150.00	\$150.00	\$150.00	BANK FEES
INSURANCES	\$2,574.00	\$104.00	\$1,359.00		\$4,037.00	\$4,037.00	\$4,037.00	INSURANCES
LEASES	\$151.00				\$151.00	\$151.00	\$151.00	LEASES
MAINTENANCE & REPAIRS	\$200.00	\$200.00	\$200.00	\$200.00	\$800.00	\$800.00	\$800.00	MAINTENANCE & REPAIRS
RENT				\$7,250.00	\$7,250.00	\$7,250.00	\$7,250.00	RENT
UTILITY	\$181.00	\$223.00	\$593.00	\$1,632.00	\$2,629.00	\$2,629.00	\$2,629.00	UTILITY
ACCOUNTING SERVICES								ACCOUNTING SERVICES
ADVERTISING				\$1,099.00	\$1,099.00	\$1,099.00	\$1,099.00	ADVERTISING
DUES								DUES
LEGAL SERVICES				\$5,302.00	\$5,302.00	\$5,302.00	\$5,302.00	LEGAL SERVICES
OFFICE SUPPLIES	\$211.00		\$100.00		\$311.00	\$311.00	\$311.00	OFFICE SUPPLIES
COMPUTER SUPPLIES/EXPENSES								COMPUTER SUPPLIES/EXPENSES
MFG SUPPLIES				\$120.00	\$120.00	\$120.00	\$120.00	MFG SUPPLIES
RETAIL SUPPLIES								RETAIL SUPPLIES
POSTAGE				\$49.00	\$49.00	\$49.00	\$49.00	POSTAGE
SHOWS & PROMOTIONS								SHOWS & PROMOTIONS
SHIPPING	\$1,150.00	\$435.00		\$1,833.00	\$3,418.00	\$500.00	\$500.00	SHIPPING
TAXES								TAXES
TRAVEL EXPENSES								TRAVEL EXPENSES
VARIOUS MISCELLANEOUS			\$90.00		\$90.00	\$90.00	\$90.00	VARIOUS MISCELLANEOUS
VEHICLE EXPENSES			\$120.00		\$120.00	\$120.00	\$120.00	VEHICLE EXPENSES
CREDIT CARDS								CREDIT CARDS
LOANS PRINCIPAL/INTEREST								LOANS PRINCIPAL/INTEREST
PAYROLL:								PAYROLL:
WAGES	\$14,200.00	\$13,800.00			\$28,000.00	\$28,000.00	\$28,000.00	WAGES
TAXES	\$3,800.00		\$3,700.00		\$7,500.00	\$7,500.00	\$7,500.00	TAXES
BENEFITS	\$4,616.00	\$599.00			\$5,215.00	\$5,215.00	\$5,215.00	BENEFITS
PURCHASES:								PURCHASES:
MANUFACTURING	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$8,000.00	\$2,000.00	\$2,000.00	MANUFACTURING
RETAIL	\$8,000.00	\$4,000.00	\$4,000.00	\$4,000.00	\$20,000.00	\$6,000.00	\$6,000.00	RETAIL
SALES DUE - MWVSTA	\$2,700.00	\$2,200.00	\$2,000.00	\$1,100.00	\$8,000.00	\$1,000.00	\$200.00	SALES DUE - MWVSTA
CONSIGNMENT SALES	\$300.00	\$300.00	\$300.00	\$300.00	\$1,200.00	\$1,200.00	\$1,200.00	CONSIGNMENT SALES
TOTAL DISBURSEMENTS	\$42,248.00	\$24,011.00	\$14,462.00	\$24,885.00	\$105,606.00	\$74,798.00	\$73,598.00	TOTAL DISBURSEMENTS
CASH - ENDING BALANCE	\$30,352.00	\$25,885.00	\$64,264.00	\$59,879.00	\$59,879.00	\$119,898.00	\$78,165.00	CASH - ENDING BALANCE

Note: Does not inclue extra \$25K of payroll funds